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Implementation of and follow-up to major United Nations conferences and summits: follow-up to the International Conference of Financing for Development

Summary by the President of the Economic and Social Council of the special high-level meeting of the Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 18 and 19 March 2010)

I. Introduction

1. The special high-level meeting of the Economic and Social Council with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (UNCTAD) was held in New York on 18 and 19 March 2010. In accordance with Council resolution 2009/30, the 2010 meeting was held five weeks prior to the meetings of the Bretton Woods institutions in Washington, D.C., on 24 and 25 April 2010, and its duration was extended to two full days. The meeting opened with an address by the Deputy Secretary-General and statements on behalf of the Trade and Development Board of UNCTAD, the International Monetary and Financial Committee of the International Monetary Fund (IMF), the Development Committee of the World Bank and IMF and the World Trade Organization. The meeting was organized around three consecutive, informal, interactive debates on selected themes. Each debate featured presentations by senior staff of the World Bank, UNCTAD and the Department of Economic and Social Affairs of the United Nations Secretariat, who provided a preview of their organization's respective flagship publications, followed by an interactive discussion.

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2. The overall theme of the meeting was "Building on Monterrey and Doha: achieving the internationally agreed development goals, including the Millennium Development Goals". The three subthemes selected to serve as the focus of substantive discussions were: (a) "Mobilizing domestic and international resources to fund existing and emerging Millennium Development Goal implementation gaps"; (b) "Supporting the rehabilitation, recovery and development efforts of developing countries with special needs and those facing humanitarian emergency situations"; and (c) "Enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development". The meeting had before it a note by the Secretary-General (E/2010/11), which provided background information and suggested possible questions under the three subthemes.

3. The meeting was preceded by extensive consultations within the framework of the Economic and Social Council and between its President and other members of its Bureau and the management of the Bretton Woods institutions, the World Trade Organization and UNCTAD, and by meetings of the members of the Bureau with members of the executive boards of the World Bank and IMF. In the course of those consultations and meetings, the agenda and the format of the special high-level meeting were discussed and agreed upon.

4. A significant number of Executive and Alternate Directors of the Boards of the World Bank and IMF participated in the high-level meeting. Also participating were high-level governmental officials in the areas of finance, foreign affairs and development cooperation, as well as senior staff of organizations of the United Nations system and other international organizations. Representatives of civil society and the business sector also participated actively in the three thematic debates.[1]

II. Building on Monterrey and Doha: achieving the internationally agreed development goals, including the Millennium Development Goals

5. The opening plenary meeting featured statements by the President of the Economic and Social Council, Hamidon Ali (Malaysia); the Deputy Secretary-General of the United Nations, Asha-Rose Migiro; the President of the Trade and Development Board of UNCTAD, Jean Feyder; the Deputy Chair of the International Monetary and Financial Committee of IMF, Hany Kadry Dimian; the Executive Secretary of the Development Committee of the World Bank and IMF, Kiyoshi Kodera; and the Director of the Development Division of the World Trade Organization, Shishir Priyadarshi.

6. The President of the Economic and Social Council opened the meeting. In his remarks, he underscored the innovations in the format and timing of the meeting, which had been organized in accordance with Council resolution 2009/30. He expressed the hope and general expectation that those innovations would promote closer relations among all participating organizations and institutions to the benefit of those in urgent need of their collective support.

[1] The list of delegations will be issued in E/2010/INF/1.

7. In her address, the Deputy Secretary-General called the attention of participants to various ways of mobilizing action and resources within the financing for development process towards achieving the Millennium Development Goals, so that the meeting might provide crucial input to the Summit on the Millennium Development Goals, to be held in September 2010. She stressed the need for providing immediate, coordinated and comprehensive support to the poorest countries and those in emergency situations in order to put them on a path to sustainable recovery, rehabilitation and long-term development. In that context, she recommended targeted interventions accompanied by long-term national development strategies, international support measures and systemic changes.

8. Recalling the Monterrey Consensus and Doha Declaration on Financing for Development, the Deputy Secretary-General urged that the promotion of gender-responsive public management of resources and budgeting be placed high on the development agenda. She also called on developed countries to redouble their efforts to fulfil their official development assistance (ODA) commitments and to provide budget support to developing countries, thereby giving them needed policy space. She underscored the importance and urgency of completing the Doha Round of multilateral trade negotiations, the need for greater provision of grants and concessional loans to ensure debt sustainability and for an equitable and orderly international debt workout mechanism. Acknowledging the intensified efforts to reform the international financial architecture, she stressed that such efforts should be internationally coordinated and should lead towards the full inclusion of developing countries and countries with economies in transition in international economic decision-making and norm-setting.

9. The President of the Trade and Development Board of UNCTAD stressed that the State should play an active role in development by promoting investment and development of productive capacity in the agricultural and industrial sectors. He recalled the development experiences of several Asian countries, where the increase in productive capacity, generated by the State, had been crucial to sustaining social advances. When deciding on the United Nations strategy for achieving the Millennium Development Goals, the importance of ODA to developing countries for building their productive capacities, linked with the creation of jobs, should be emphasized. Considering the fragility of some developing countries, he proposed that higher levels of special and preferential treatment be granted to them. For Haiti, in the aftermath of the recent earthquake, he proposed the reduction or elimination of its external debt and the granting of favourable trade conditions.

10. The Deputy Chair of the International Monetary and Financial Committee of IMF noted that the recent crisis provided opportunities in terms of the willingness of the global economic players to coordinate their efforts with a view to addressing the weaknesses of the global financial architecture. Priority should be given to addressing effectively global economic imbalances and regulatory shortfalls as well as the asymmetry between developing and developed countries as regards their abilities to derive economic benefits from the global economy. The Fund should play a major role in overcoming those imbalances. He called for better prudential regulation to deal with the emergence of more sophisticated and aggressive financial instruments and for more effective and inclusive international financial institutions. In that regard, he provided updated information on the current priority areas in the reform agenda of IMF; these areas included financial regulation, international capital flows, domestic lending, broadening its toolkit of surveillance and corporate

governance. As part of the reform agenda, the Fund was also working to ensure developing countries, particularly the least developed countries, a better voice and representation.

11. The Executive Secretary of the Development Committee of the World Bank and IMF noted that many developing countries had been able to withstand the impact of the crisis on their vulnerable population groups, thanks to relatively strong economic conditions at the onset of the crisis. Nevertheless, there would likely be a significant negative impact on health, education, employment and poverty in the future, resulting in a need for strong external funding. He underscored that the efforts of the Bretton Woods institutions to provide new financial support to developing countries in response to the crisis had been swift and unprecedented. With regard to the current reform programme of the World Bank, he highlighted the significant progress made since October 2009 in the review of the capital resources of the International Bank for Reconstruction and Development and stated that further work was under way to finalize a balanced package. The possibility of a special capital increase for the International Finance Corporation had been explored, aimed at enhancing its financial flexibility. In the area of voice reform, the World Bank shareholders had recommitted themselves to reaching agreement on an increase of 3 per cent in voting power for developing countries and countries with economies in transition prior to the meetings of the Bank and IMF in April 2010. He urged the two institutions to step up their efforts to meet their goal of reaching further agreements on wide-ranging reforms.

12. The Director of the Development Division of the World Trade Organization noted that, despite the unprecedented decline in global trade in 2009, there had been no significant increase in protectionist measures. This spoke to the usefulness and sturdiness of the multilateral trading system. He stressed that the timely conclusion of the Doha Round of multilateral trade negotiations, coupled with targeted and enhanced aid for trade, was imperative for achieving the Millennium Development Goals. The conclusion of the Doha Development Round would help to ensure growth in global trade, prevent protectionist measures from being adopted and create new market access opportunities for developing countries. Its potential for helping developing countries would be greatly enhanced by effective aid for trade, aimed at addressing the supply-side and trade-related infrastructure constraints in order to help developing countries to increase their exports of goods and services, better integrate into the multilateral trading system and benefit from liberalized trade and increased market access. Together with other multilateral agencies, the World Trade Organization had been successful in mobilizing resources for aid for trade, which had grown annually by some 10 per cent.

13. In the interactive exchange of views that followed, many participants agreed that the implementation of the global commitments enshrined in the Monterrey Consensus and Doha Declaration on Financing for Development was urgent and necessary in supporting the achievement of the Millennium Development Goals by 2015. The Summit to be held in September offered a unique opportunity to identify the concrete measures required to achieve the Goals, and the present discussions would provide meaningful input to the preparation of the Summit.

14. Many speakers viewed the mobilization of domestic resources along with improved public financial management and an enabling environment as the primary drivers for development. They agreed that good governance, transparency, sound

macroeconomic policy and effective tax and customs systems were all necessary conditions for domestic resource mobilization. One participant expressed the view that, since development plans could not be built on aid alone, fiscal policy should focus more on promoting long-term development growth rather than on closing a short-term fiscal gap. Enhancing the role of the State in development by promoting investment in the industrial and agricultural sectors and job creation was emphasized. In that context, many delegations called for protecting the policy space of developing countries and for supporting the development of their institutional capacity.

15. Several participants noted that many developing countries faced persisting challenges owing to international financial and economic uncertainties. To enhance the coherence and consistency of international monetary, financial and trading systems, one participant, speaking on behalf of a large group of countries, called for a new international financing architecture that would guarantee the democratization and transparency of financial management. He called for the full participation of developing and emerging economies to ensure that more favourable attention to issues of economic and social development. Another speaker called for reform in financial regulation to be directed at establishing a link between international capital flows and investment in productive capacity in developing countries. A number of speakers emphasized that regulatory mechanisms to establish effective governance and tools for crisis prevention and response in international financial institutions should be strengthened. One participant noted the need to maximize the capacity of existing regional mechanisms in order to complement the international financial system. A call was also made to advance regional trade and South-South cooperation. Several participants raised the issue of legal predictability in debt restructuring and called for the setting up of a debt workout mechanism.

16. Executive Directors of the Boards of the World Bank drew attention to the serious and extensive reforms undertaken by the Bank, which included merit-based selection, increased transparency, increased shareholding and representation in senior management of developing countries and countries with economies in transition, open selection of the President, and increased representation of sub-Saharan African countries. In that regard, many participants were of the view that further and more expeditious efforts, especially in the area of voice reform, were needed.

17. Most participants called for a redoubling of efforts to reach an early, comprehensive and balanced conclusion of the Doha Round of trade talks. A universal, rule-based, open, non-discriminatory and equitable multilateral trading system coupled with scaled-up aid for trade, enabling developing countries to reap the benefits of market access, would contribute to the achievement of the Millennium Development Goals. The need to avoid protectionist measures and to resolve issues of market access, agricultural subsidies and duty-free access for the least developed countries was also emphasized.

18. Many participants highlighted shortfalls in ODA, and called on developed countries to fulfil their commitments to allocate 0.7 per cent of their gross national income to aid to developing countries. They reiterated that aid flows to developing countries should be sustainable, predictable, concessional and conditionality-free, particularly aid flows to the most vulnerable and least developed countries. In

accordance with the 2008 Accra Agenda for Action, a call was made for improvement in aid effectiveness.

19. Several participants expressed support for innovative financing mechanisms which would complement ODA and be targeted at closing financing gaps for the achievement of certain Millennium Development Goals, especially in the area of health. A few participants asked about the status of exploration of a financial sector tax to defray the cost of bailing out the banking system. One Executive Director informed the meeting that an IMF interim report on that mechanism would be completed prior to the meetings of the Bank and IMF in April 2010, and a final report presented to the Group of Twenty in June.

20. One representative, speaking on behalf of many countries, highlighted the need for the international community to take concrete action to help countries with special needs address sustainable development challenges. He called for the early conclusion of the Doha Round, with special provisions for the least developed countries. With respect to external debt, the need for temporary debt relief and a debt moratorium was expressed. Several participants focused on support for the rehabilitation, recovery and development efforts of developing countries with special needs and those facing humanitarian emergencies. Greater international assistance was requested, with the timely disbursement of concessional loans without conditionalities by the international financial institutions. In that context, some participants called for international responses and solidarity to contain the risks of climate change, in particular in vulnerable countries.

21. Many participants welcomed the changed format and timing of the special high-level meeting, which was expected to be an important step towards enhancing the role of the Economic and Social Council as an international forum and decision-making body. It was stressed that the role played by the United Nations and the Economic and Social Council in the coordination of development cooperation should be strengthened. Some participants were of the view that policy coordination and partnership with the Bretton Woods institutions should be improved at all levels in order to enhance policy coherence and to achieve the Millennium Development Goals. In that context, an invitation was extended by the World Bank to the President of the Economic and Social Council to present the results of the special high-level meeting to the Development Committee during the meetings of the Bank and IMF in April. Regular dialogue between the Bretton Woods institutions and the Council, especially in the run-up to the Summit on the Millennium Development Goals in September, were encouraged.

III. Mobilizing domestic and international resources to fund existing and emerging Millennium Development Goal implementation gaps

22. The first thematic debate featured presentations by Jeffrey Lewis, Senior Adviser and Head of the International Policy and Partnership Group of the World Bank Poverty Reduction and Economic Management Network, who provided a preview of the joint publication of the World Bank and IMF, *Global Monitoring Report 2010: The MDGs after the Crisis*, and by Robert Vos, Director of the Development Policy and Analysis Division of the Department of Economic and Social Affairs, who presented the forthcoming report of the MDG Gap Task Force.

23. The *Global Monitoring Report 2010* assessed progress towards achieving the Millennium Development Goals against the backdrop of the recent crisis, its impact on development and the resulting global economic situation. The report also addressed the response of the international financial institutions to the crisis and provided advice on how to improve trade and aid flows to developing countries under the current economic circumstances. In his presentation, Mr. Lewis pointed to the long-term impact of the crisis, which remained worrisome in low-income countries, whose fiscal situation had deteriorated to unsustainable levels, indicating that there was no room for complacency. He advised the United Nations, international financial institutions and countries in question to act in order to minimize losses. In that context, it was important to ensure that the United Nations and international financial institutions had the resources needed to re-engage with these countries. Describing lessons learned from the past crises, he noted that there was evidence that infant mortality and malnutrition tended to rise in such times, and school attendance and the gender balance of school enrolment tended to deteriorate. He touched upon a broad range of cross-border issues, such as climate change and food and energy security, which had been exacerbated by the crisis. On a positive note, he referred to the increase in the number of public and private donors and the substantial rise in the financial support provided by the World Bank and IMF. He noted, however, that the pledges made by the Group of Eight at Gleneagles did not match the commitments made.

24. According to Mr. Vos, the findings in the forthcoming report of the MDG Gap Task Force were a product of monitoring three implementation gaps: the delivery gap between global commitments and their actual delivery; the coverage gap between the delivered commitments and the equitable distribution of actual receipts across countries; and the needs gap between the delivered commitments and the estimated need for support of developing countries. From the point of view of reaching the Millennium Development Goals by 2015, the 2010 report focused on the needs gap and on finding the ways of meeting the actual needs of developing countries in the most effective way, particularly given the enormous time and resource constraints involved. Among the conclusions of the report were the need to direct more generous ODA to countries with a strong commitment to poverty reduction; further development of an open, rule-based, predictable, non-discriminatory trading system, with a particular focus on addressing special needs of the least developed and landlocked developing countries and the small island developing States; finding a comprehensive solution to the debt problems of developing countries; and providing better access to affordable essential medicines and new technologies, in cooperation with the private sector. He noted that while the global economic crisis had been responsible for major setbacks in providing market access, the failure to conclude a development-focused Doha Round of multilateral trade negotiations still represented the major delivery gap in terms of Millennium Development Goal 8, and that while significant debt relief had been provided to the poorest countries, middle-income countries, which were also vulnerable, were not covered by the existing mechanisms.

25. In the exchange of views that followed, most speakers emphasized the need for national efforts to be supported by a favourable international environment. In that context, the need for a speedy and successful conclusion to the Doha Round was widely commented upon, with many speakers emphasizing that its outcome needed to reflect the development promise. A number of participants called upon the

international community to strengthen market access commitments, to provide adequate levels of aid for trade so that such access could be effectively taken advantage of, and for greater account to be taken of the specific concerns of landlocked countries and commodity producers.

26. Many participants noted that all ODA commitments needed more than ever to be fulfilled and that innovative sources of financing would be an important complement to ODA but should not be viewed as an alternative. Thus, the potential of innovative financial mechanisms in mobilizing additional resources for development was emphasized. In that context, it was pointed out that partnerships between the public and private sectors, and partnerships that included other stakeholders, such as civil society, could constitute an important vehicle for enhancing financing for development.

27. It was emphasized that additional assistance was needed to deal with new and emerging issues, including financing of climate change mitigation and adaptation. It was noted that Governments should urgently work towards the conclusion of a comprehensive global legal framework within the United Nations Framework Convention on Climate Change. The general need for economic progress to be complemented by enhanced environmental sustainability was also noted.

28. A number of participants noted the need of developing countries for adequate policy space to carry out countercyclical policies and for national ownership of their development goals. Many participants emphasized that continuing efforts were needed to create an enabling environment for private investment, including appropriate governmental policies that would encourage long-term investment. The importance of improved tax administration as a means of strengthening domestic resource mobilization was also emphasized.

29. According to several participants, the recent financial crisis had highlighted the need to improve the governance of the global economic and financial system, including ensuring an increase in the voice and participation of developing countries. It was stressed that the United Nations, as the only truly global body, must play a central role in discussions on global economic governance, in cooperation with other relevant bodies and institutions, to ensure coordination among all relevant stakeholders in order to achieve greater policy coherence, and to ensure sufficiently broad ownership of and commitment to the outcomes. Some speakers focused attention on the financing for development follow-up mechanism, pointing out that it should be further strengthened to enable effective monitoring of the implementation of the decisions made in Monterrey and Doha. The need to stay engaged as a key aspect of the financing for development process and for a collective willingness to reflect upon and keep under review how that could best be achieved, was also noted.

30. There was a widespread call for international cooperation for development to be strengthened in all its aspects, including North-South, South-South, in particular, and triangular cooperation. It was noted that those forms of cooperation were all mutually complementary. It was also stated that action still needed to be taken to improve international tax cooperation, in accordance with Doha commitments.

IV. Supporting the rehabilitation, recovery and development efforts of developing countries with special needs and those facing humanitarian emergency situations

31. The second thematic debate started with presentations by Sarah Cliffe, Special Representative and Director, World Development Report, World Bank, who gave a preview of the upcoming publication, *World Development Report 2011: Conflict, Security and Development*, and by Charles Gore, Special Coordinator for Cross-sectoral Issues of the UNCTAD Division for Africa, Least Developed Countries and Special Programmes, who presented the forthcoming publication on emerging challenges and elements of a new policy framework for development in the least developed countries.

32. Ms. Cliffe emphasized that although the *World Development Report 2011* should be seen as work in progress, there was solid evidence that countries in conflict situations and with high levels of violence were the most likely to fall short of reaching the Millennium Development Goals by 2015. The report pointed to five factors that elevated conflict risk: external and internal stresses on society, the lack or low availability of resources and capabilities to deal with those stresses, insufficient social cohesion, the lack of security, development and justice, and inadequate national institutions. Among the preliminary findings of the report was that expectations of fundamental judicial, economic and constitutional reforms within a relatively short time often appeared to be unrealistic in the case of countries with special needs. Moreover, the institutional model to which countries were encouraged to adhere was frequently unnecessarily rigid as it was based on the Western models rather than on those of other countries in the region. Reform efforts could be like a double-edged sword: long-term reforms sometimes led to increased potential for conflict in the short term. Recommendations based on the preliminary findings of the report included paying more attention to prevention in post-crisis programmes, supporting national institution-building in a country-sensitive and realistic manner, addressing the inequities in funding in the current development cooperation framework, examining the greater use of principles-based standards as a way to provide more flexible support and exploring a greater role for regional cooperation, particularly through South-South relations.

33. Mr. Gore started his presentation by reviewing the recent macroeconomic performance of the least developed countries. Even though growth rates in gross domestic product in the least developed countries had followed an upward trend during the past two decades, the performance of at least one quarter of them generally remained poor. Moreover, the sustainability of their economic growth was questionable as it was highly dependent on high commodity prices, increased external finance and market preferences for manufactured exports, and was thus not effective in reducing poverty. The central development challenge faced by the least developed countries was to create productive jobs and livelihoods for a rapidly growing labour force. New approaches and policy frameworks were needed and the development of productive capacities, including human resources, was of central importance. The role of the State should shift from ideological to pragmatic considerations. Governance had to be outcome- and development-oriented, and country ownership and policy space were of critical importance. Models of successful development in the past included mixed economies, in which the State designed policies and institutions which harnessed private ownership and drive for

profits with the view of reaching national development objectives. The development cooperation framework needed to be overhauled to provide better quality and quantity of aid, increased market access and debt relief measures, as well as mechanisms to cushion commodity price shocks. Moreover, comprehensive international support for the least developed countries should go beyond its focus on trade-related measures to tackle financial issues and emphasize the need for technology transfer.

34. During the discussion that followed, many participants noted that countries with special needs, such as the least developed countries, landlocked developing countries, small island developing States and countries in conflict or post-conflict situations, faced multiple challenges, including lack of institutional and productive capacity, high unemployment, low share in world trade, commodity dependence and geographical and environmental constraints. The confluence of the recent food, financial and economic crises, as well as natural disasters, had threatened their path towards sustainable recovery and development. During these crises, the most vulnerable segments of their population, particularly women and children, had typically suffered the most.

35. Several participants emphasized that efforts to spur rehabilitation, recovery and development in these countries should focus on increasing the productive capacity of the economy to overcome supply-side constraints and generate employment opportunities based on decent work, which would in turn help to reduce poverty. Efforts to increase productive capacities should not be narrowly equated with greater export supply capacities but should be geared towards capital accumulation, technological progress, structural transformation and reduction of commodity dependence. The State had to play an important role in supporting the development of the necessary institutional and organizational capacities, coordinating economic activities and containing the social impact of crises. Key elements in the economic development of countries with special needs were growth in agricultural productivity, demand linkages to local industries and services, export growth through labour-intensive manufactures or natural resources, and increased technological capabilities.

36. Many participants stressed the importance of good governance. However, some participants expressed concern about the sometimes excessive demands for governance reform placed on certain countries, particularly those emerging from post-conflict situations, as they moved towards achieving the Millennium Development Goals. They noted that in analysing the concept of good governance, good policies mattered as much as sound institutions. Governance reform must be outcome-oriented, with the ultimate objective of economic development based on job creation and greater productive capacity. Some participants emphasized that broadening gender access to leadership opportunities and participation were crucial components of such a reform effort, at both the local and national level. Democratic development was thus most effective when not based solely on electoral processes, but rather included promotion of gender-inclusive citizen participation.

37. Several participants lamented the multiplicity of efforts and lack of cooperation within the donor community that hampered aid effectiveness. In that connection, they underscored the need for more cohesive, coordinated and comprehensive international development cooperation, which would promote the development efforts of countries with special needs. Moreover, aid management

policies at the recipient country level were a key tool for increasing aid effectiveness. Recipient countries should develop and apply their own indicators and evaluate how aid was working at the country level. Such a methodology would help recipient countries more precisely specify the desired level, type and form of aid. Other crucial components for improved international development cooperation were a development-oriented conclusion of the Doha Round of multilateral trade negotiations that would increase market access and trade revenues for countries with special needs, targeted debt relief and technology transfers.

38. Most participants emphasized that a timely, integrated and coordinated response to the challenges generated by crises for countries with special needs and those facing humanitarian emergency situations required a strong international partnership. That partnership should build on coordinated and complementary efforts among relevant entities of the wider United Nations system, including the Bretton Woods institutions, World Trade Organization and UNCTAD, as well as civil society and the private sector. International assistance should follow a long-term perspective geared towards poverty reduction, allow for policy space and be pragmatic, country-specific and cross-sectoral in nature. More South-South cooperation in the form of enhanced and well-coordinated exchanges of resources, technology and knowledge among developing countries would lead to important new development opportunities for countries with special needs.

V. Enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

39. The third thematic debate featured presentations by Robert Vos, Director of the Development Policy and Analysis Division, Department of Economic and Social Affairs, who gave a preview of the forthcoming publication, *World Economic and Social Survey 2010: Retooling Global Development*, and by Detlef J. Kotte, Head of the Macroeconomic and Development Policies Branch of the UNCTAD Division on Globalization and Development Strategies, who spoke of the forthcoming UNCTAD report on new challenges in the reform of global economic governance.

40. Mr. Vos noted that, according to the *World Economic and Social Survey 2010*, sustained and widespread future prosperity required major reforms in global economic governance and a shift to a new way of thinking in global economic development, with a broader focus on sustainable development rather than economic growth. The challenge faced by the global community was how to retool national development policies along with mechanisms of international cooperation and global governance to facilitate a fairer and sustainable path for global development. Finding such consistency or policy coherence in trade and finance, as well as in the aid architecture and international support for the poverty reduction and sustainable development agenda, was the central theme of the *Survey*.

41. The thesis entertained by the UNCTAD report on new challenges in the reform of global economic governance was, according to Mr. Kotte, that the recent crisis had been not only about the financial fragility and instability of national financial markets but also about unsustainable current account imbalances, currency instability and misalignment, and excessive commodity price fluctuations. A coherent approach to addressing global imbalances and restoring balanced trade

called for policies that tackled and prevented currency speculation at the global level. There was, however, no agreed international regulatory system for enabling trading partners to avoid distortions stemming from financial shocks and exchange rate misalignments. There was urgent need for a framework to limit the degree of exchange rate deviations from the fundamentals of multilaterally agreed rules for exchange rate management.

42. In the ensuing discussion, many participants stressed the central role of the United Nations in achieving greater coherence and coordination among the various actors and areas of global governance. It was noted that the Economic and Social Council should serve as the principal international body for coordinating all economic and social issues. The importance of having a mechanism for dialogue between the United Nations and the Group of Twenty was emphasized. In addition, participants referred to the need to strengthen and upgrade the Council's Committee of Experts on International Cooperation in Tax Matters, given its important role in enhancing tax administration and addressing international problems, such as tax evasion and illicit capital flows.

43. While addressing the activities of IMF, several participants pointed out that there had been discussion of the need to focus the Fund's surveillance activities more on systemically important countries, financial markets and the spillover effects of domestic actions. Regarding the latter, a strengthening of the IMF peer review function was considered helpful. It was also emphasized that IMF should frame its advice and policies with due consideration to their sustainability and not based on their procyclicality or countercyclicality. The need to recruit IMF staff from a greater diversity of academic disciplines was also discussed. It was noted that the Fund had recognized the importance of this and had recently been hiring financial experts in addition to macroeconomists. Some speakers focused attention on the need to further enhance multilateral instruments for broadbased precautionary financing in order to make them a credible alternative to self-insurance by developing countries. It was also pointed out that, notwithstanding some improvements, IMF programmes were in many cases still prescribing procyclical policies.

44. Many participants noted that the governance structure of the Bretton Woods institutions should better reflect current economic realities and give more representation to low-income countries. Accordingly, the decisions by the International Monetary and Financial Committee and the Development Committee to shift at least 5 per cent of aggregate quota shares in IMF and 3 per cent in the World Bank from developed to developing countries and countries with economies in transition were considered important, but not bold enough.

45. Several participants noted the importance of strengthening regulatory mechanisms for financial flows, the need for an international sovereign debt restructuring mechanism and the need to consider setting up regional monetary funds. Some participants urged that consideration be given to reforming the existing reserve currency system which was based essentially on one national currency, the United States dollar. It was considered important to start discussions on an international reserve currency; this would include broadening of the existing special drawing rights arrangements.

46. The problem of financial speculation and possible ways of addressing it were raised by a number of participants. In that regard, reference was made to various

possibilities, including the imposition of a financial transactions tax and domestic capital controls. One participant lamented the fact that the responses of financial markets were often taken as valid judgement of national policies, misleading some Governments into implementing unsound policies.

47. While discussing issues of international trade, some participants pointed out that exchange rates did not constitute a key element in restoring trade balance. Some emphasized the need to reduce barriers to international trade and to arrive at a successful conclusion to the Doha Development Round. In this regard, the concerns of landlocked countries were also emphasized, including their need for, among other things, freedom of transit. One participant stressed the importance of labour standards in the context of international trade and the need to note their consistency with the objective of achieving the Millennium Development Goals.

48. There was also a call for a stronger partnership with the international private sector in the promotion of productive investment in developing countries. The public sector, including international organizations, should play a catalytic role in that regard, including by assisting in the establishment of an appropriate investment framework.

49. The President of the Economic and Social Council concluded the meeting by expressing the view that the discussions had been very productive, open and constructive. He expressed also the hope that the format of the meeting had helped in that regard. He accepted the invitation of the Dean of the Board of Executive Directors of the World Bank to present the results of the meeting to the Development Committee during the meetings of the Bretton Woods institutions in April 2010. In addition, he made a brief summing up of the main points of the discussions of the two-day meeting.